



***United States Attorney
Southern District of New York***

**FOR IMMEDIATE RELEASE
MARCH 21, 2005**

**CONTACT: U.S. ATTORNEY'S OFFICE
HERBERT HADAD, MEGAN GAFFNEY
PUBLIC INFORMATION OFFICE
(212) 637-2600**

**FORMER CONSULTING FIRM CEO PLEADS GUILTY
IN FEDERAL COURT TO LOAN FRAUD**

DAVID N. KELLEY, the United States Attorney for the Southern District of New York, announced that HARRY MINGLE, the former Chief Executive Officer of the now-defunct Culpeper Consulting Group, Inc. ("Culpeper"), was convicted today upon a plea of guilty before United States District Judge SIDNEY H. STEIN on charges of conspiracy and making false statements in connection with bank loans extended to Culpeper.

Culpeper, which was headquartered on Wall Street in New York, provided consulting and business integration services to financial institutions. It was particularly active in advising banks in addressing "Y2K" concerns in the late nineties. At its height, Culpeper had a workforce of over 300 employees and consultants.

According to the two-count Information, MINGLE, a New Jersey resident, made false statements in connection with \$1.4 million in financing extended by Culpeper's chief bank, Connecticut Bank of Commerce ("CBC"), which is now in FDIC

receivership. Under a factoring agreement with CBC, Culpeper regularly sold at a discount its accounts receivable to CBC in return for immediate payment of between 80% to 90% of the receivable's value in cash. To establish the value of its accounts receivable, Culpeper was required to document its customer invoices to CBC. If Culpeper could not collect on an account, Culpeper was obligated to repay the amount borrowed against the relevant invoice.

In July 2001, according to the Information, CBC held at least \$1.4 million in past due invoices against which Culpeper had borrowed. Under the factoring agreement, Culpeper was therefore obligated to repay the funds that CBC had advanced if the receivables could not be collected. Conspiring with others, MINGLE instructed an employee to submit false documentation indicating that another \$1.4 million in accounts receivable had been generated, thereby enabling Culpeper to avoid repayment for the uncollected invoices.

According to the Information, MINGLE and his co-conspirators distinguished the phony invoices from real ones by coding them as the "9 Series." By submitting the false "9 Series" invoices to CBC, Culpeper was able to conceal that substantial numbers of its accounts receivable were not collectible. Documentation for the false invoices was later recovered during a search warrant executed at Culpeper's Wall Street offices by FBI agents in November 2002.

Mr. KELLEY praised the investigative efforts of the FBI. Mr. KELLEY stated: "Today's conviction demonstrates again that we will pursue corporate fraud to the executive suites, and we will prosecute it using all of our investigative resources. This CEO's fraud injured his many employees, the bank he cheated, and ultimately the taxpayers who must absorb the losses that the bank suffered before the FDIC assumed control. Today's conviction is a first step in redressing this wrong."

MINGLE faces a maximum possible term of imprisonment of thirty-five years. Judge STEIN scheduled sentencing for June 23, 2005.

Assistant United States Attorney HARRY A. CHERNOFF is in charge of the prosecution.

05-59

###